

Message Text

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ACTION PM-07

INFO OCT-01 EUR-25 ISO-00 ACDA-19 L-03 AID-20 IGA-02 MC-02

CIAE-00 INR-11 NSAE-00 RSC-01 OMB-01 COME-00 TRSE-00

EB-11 H-03 NSC-07 PA-04 PRS-01 SP-03 SS-20 USIA-15

LAB-06 SIL-01 DRC-01 /164 W
----- 092104

R 231508Z JUL 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 4024

SECDEF WASHDC

INFO AMEMBASSY BRUSSELS

AMEMBASSY OSLO

AMEMBASSY COPENHAGEN

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION NATO

USNMR SHAPE

USCINCEUR

SEC OF AF WASHDC

CJCS WASHDC

S E C R E T THE HAGUE 3645

E.O. 11652: GDS

TAGS: MASS, NL

SUBJ: MEETING WITH GENERAL STOKLA RE REPLACEMENT FIGHTER

SUMMARY: ON JULY 17 CHARGE RESPONDED TO REQUEST FROM
LT. GENERAL H.K. STOKLA, DIRECTOR OF MATERIEL, RNLAf,
TO MEET IN HIS OFFICE TO DISCUSS THE RESULTS OF STOKLA'S
RECENT VISIT TO THE US AS A KEY MEMBER OF MULTINATIONAL
FIGHTER PROGRAM STEERING COMMITTEE. CHARGE WAS ACCOM-
PANIED BY AIRA, WHO ENJOYS CLOSE PERSONAL RELATIONSHIP
WITH GENERAL STOKLA. MEETING WAS OPEN, FRANK AND
WITHOUT STRAIN OR RETICENCE; IT LASTED ALMOST TWO HOURS

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BECAUSE STOKLA OBVIOUSLY WANTED TO COVER THE GROUND

THOROUGHLY AND GET HIS MESSAGE ACROSS. HE CAREFULLY REVIEWED THE SIGNIFICANT RESULTS OF THE US VISIT, INCLUDING BOTH THE POSITIVE ASPECTS AND THE PROBLEM AREAS. HE CONCLUDED THAT VISIT HAD BEEN USEFUL, ESPECIALLY BECAUSE OF PARTICIPATION IN WASHINGTON TALKS BY TOP-LEVEL DOD OFFICIALS AND THEIR WILLINGNESS TO ASSOCIATE CONSORTIUM MEMBER COUNTRIES WITH THE DOD/USAF IN THE DEVELOPMENT AND PRODUCTION OF AN AMERICAN REPLACEMENT AIRCRAFT. STOKLA EMPHASIZED, HOWEVER, THAT MUCH WORK REMAINED TO BE DONE AND SEVERAL SIGNIFICANT DIFFICULTIES RESOLVED IN ORDER TO PAVE THE WAY FOR THE SELECTION OF AN AMERICAN PLANE. END SUMMARY.

1. GENERAL STOKLA BEGAN BY EXPRESSING HIS PLEASURE AT THE RECEPTION OF THE TEAM AND THE AVAILABILITY AND INTEREST OF TOP-RANKING OFFICIALS. HE ALSO EXPRESSED HIS APPRECIATION OF THE PROGRAM OFFERED BY THE US AND RECOGNIZED THIS IS A MAJOR AND UNIQUE DEPARTURE FROM NORMAL PROCEDURES. HE QUALIFIED THESE REMARKS BY POINTING OUT THAT SERIOUS PROBLEMS REMAIN TO BE SOLVED.

2. GENERAL STOKLA EMPHASIZED THAT THERE ARE FOUR ELEMENTS OF CONSIDERATION IN THE MOD'S DECISION. OPERATIONAL, PRICE, ECONOMIC (INDUSTRIAL PARTICIPATION), AND POLITICAL. HIS COMMENTS ON EACH OF THESE CONSIDERATIONS FOLLOW:

(A) OPERATIONAL: HE DID NOT DWELL ON THIS SUBJECT EXCEPT TO SAY THAT THE ENTIRE TEAM WAS HIGHLY IMPRESSED WITH BOTH AIRCRAFT WHICH THEY SAW AT LENGTH AT EDWARDS AFB. HE EXPRESSED CONCERN, HOWEVER, OVER A POSSIBLE REQUIREMENT TO STRETCH THE TWO-SEAT VERSION OF THE YF-16, WHICH HE BELIEVED WILL SERIOUSLY DEGRADE ITS PERFORMANCE, AND OVER THE FUEL CONTROL UNIT PROBLEMS OF THE F-100 ENGINE.

(B) PRICE: STOKLA IDENTIFIED THIS ITEM AS A MAJOR PROBLEM AREA BECAUSE OF THE DIFFERENCE BETWEEN US AND EUROPEAN PRICING TECHNIQUES. HE STATED THAT THEY MUST HAVE AN AVERAGE PRICE OVER THE ENTIRE PRODUCTION RUN

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RATHER THAN AN ANNUAL PRICE SYSTEM SUCH AS THAT USED BY THE US. HE ADDED THAT THE FRENCH PRICE WOULD BE AN AVERAGE. HE ALSO NOTED THAT THE FRENCH MIRAGE WAS SO FAR THE MOST EXPENSIVE AIRCRAFT, LARGELY DUE TO ENGINE COSTS, WITH THE COBRA NEXT AND THE GD 402 THE LEAST EXPENSIVE. STOKLA ALSO EXPRESSED CONCERN OVER THE POSSIBILITY OF A REDUCTION IN THE TOTAL NUMBER OF AIRCRAFT TO BE ORDERED BY THE US, PERHAPS AS A RESULT OF

CONGRESSIONAL ACTION. HE POINTED OUT THAT UNDER THIS CONDITION CONSORTIUM PRICING WOULD ESCALATE APPRECIABLY AND HE BELIEVED THE CONSORTIUM NEEDS US GOVERNMENT ASSURANCES ON THIS SUBJECT.

(C) ECONOMIC: INDUSTRIAL PARTICIPATION: IDENTIFIED AS A MAJOR PROBLEM AREA. HE DISCUSSED THE 10-50-10 PRODUCTION PERCENTAGE ARRANGEMENT OFFERED BY THE US AND EXPRESSED DOUBT THAT THE CONSORTIUM COULD HANDLE THE 50 PERCENT PERCENTAGE OF PRODUCTION OFFERED FOR CONSORTIUM AIRCRAFT. HE POINTED OUT THAT THE EUROPEAN F-104 PROGRAM (WHICH HE HEADED) WAS UNABLE TO REACH MORE THAN 45 PERCENT. HE COMMENTED ADDITIONALLY THAT THE DURATION OF PRODUCTION WAS OF PARAMOUNT IMPORTANCE; THAT A HIGH OUTPUT FOR A RELATIVELY SHORT DURATION WAS UNACCEPTABLE. HE ADVISED US THAT THE LABOR UNIONS HAD REFUSED TO PUT MORE THAN ONE SHIFT ON THE F-104 LINE IN ORDER TO EXTEND THE PRODUCTION RUN.

(D) POLITICAL: STOKLA COMMENTED THAT IN HIS OPINION THIS ASPECT WAS THE LEAST IMPORTANT. CHARGE QUESTIONED THIS COMMENT POINTING OUT WE COULD SEE INCREASING POLITICAL PRESSURES BEING APPLIED BY FRENCH (PUBLICITY ON RECENT VISIT TO THE NETHERLANDS BY FRENCH FONMIN ANNOUNCED AIRCRAFT REPLACEMENT AS A PRIMARY DISCUSSION ITEM). STOKLA AGREED AND SAID HE EXPECTED FRANCE'S GISCARD D'ESTAING TO APPROACH PRIME MINISTER DEN UYL ON THE SUBJECT. CHARGE THEN ASKED FOR STOKLA'S EVALUATION OF POSITION OF DUTCH MINISTERS. STOKLA REPLIED THAT HE SAW NO PROBLEM WITH FONMIN VAN DER STOEL BECAUSE HE IS AN ATLANTICIST. HE CLASSIFIED MOD VREDELING AS A EUROPEANIST WHO WOULD LEAN TOWARD A FRENCH PURCHASE, BUT STATE SECRETARY STEMERDINK AS CATEGORICALLY SECRET

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ANTI-FRENCH AND THUS PRO-AMERICAN IN THIS MATTER. HE CATEGORIZED PRIME MINISTER DEN UYL AS PRO-FRENCH BUT WOULD GIVE PRIMARY WEIGHT TO INDUSTRIAL PARTICIPATION.

3. GENERAL STOKLA REVIEWED THE ACTIONS TO BE TAKEN TO RECONCILE DIFFERENCES AND SOLVE PROBLEM AREAS. HE ALSO REVIEWED THE SCHEDULE OF EVENTS TO BE FOLLOWED. THESE INCLUDE ANALYSIS BY THE STEERING GROUP OF THE PROPOSALS RECEIVED BY THE TEAM IN FRANCE AND THE US. STEERING GROUP WILL PRESENT RESULTS OF THEIR ANALYSES AND RECOMMENDATIONS TO MODS BY SEPTEMBER 15 SO THAT MODS CAN MAKE FINAL DECISION - AT LEAST FOR A COUNTRY - BY THE SEPTEMBER 30 COMPROMISE DATE AGREED AT THE MAY 2 MEETING OF MODS.

4. STOKLA LEFT NO DOUBT THAT THE RNLAf IS DOING EVERY-
THING POSSIBLE TO INSURE SELECTION OF A US AIRCRAFT.
ALTHOUGH HE STATES THAT SERIOUS PROBLEMS STILL EXIST,
IN PRICING AND OFFSET AGREEMENTS, HE IS DEEPLY APPRE-
CIATIVE OF US EFFORTS AND CONFIDENT THAT DIFFERENCES
CAN BE RECONCILED.

5. COMMENT: WE HAVE REVIEWED SALIENT POINTS OF ABOVE
DISCUSSION WITH COLONEL MILLER, CHIEF AF SECTION, MAAG,
WHO ACCOMPANIED THE TEAM IN THE US. WE ARE THEREFORE
AWARE THAT MOST POINTS STOKLA RAISED WITH CHARGE AND
COLONEL RIDDLE HAD ALREADY BEEN DISCUSSED IN DETAIL
WITH TOP-RANKING DOD AND OTHER US OFFICIALS. WE
THOUGHT, HOWEVER, THAT OUR MEETING WITH STOKLA WARRANTED
SPECIFIC REPORTING IN VIEW OF HIS UNPRECEDENTED REQUEST
TO A CIVILIAN EMBASSY OFFICER TO SEE HIM IN THE OFFICE,
ALSO HIS STRONG DESIRE TO MAKE THE EMBASSY FULLY AWARE
OF THE RESULTS OF HIS VISIT AND HIS ONGOING CONCERNS.
WE HOPE THAT DOD WILL MAKE EVERY EFFORT TO RESOLVE THESE
MATTERS IN A WAY WHICH STOKLA CAN SELL TO HIS POLITICAL
"BOSSES." STOKLA IS RESPECTED AND LISTENED TO BY THE
LATTER BECAUSE OF HIS GREAT EXPERTISE AND CLEAR-HEADED
JUDGMENT. IN THE EMBASSY'S VIEW HE HAS DONE US A SERVICE
BY TELLING US FRANKLY THAT, DESPITE HIS OWN PERSONAL
PREFERENCE FOR A US AIRCRAFT, WE HAD BETTER NOT COUNT
OUR CHICKENS YET AS REGARDS THE TOP DUTCH POLITICIANS
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WHO WILL MAKE THE FINAL DECISION.
TANGUY

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NNN

Message Attributes

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